



Town of Milford

Milford Water Company Acquisition

Key Facts Overview

After years of troubling water issues, the Town of Milford made an investment in studying the benefits of purchasing the privately owned Milford Water Company (MWC). The goal was to understand the financial and administrative feasibility of owning and operating our Town's water supply. Now, with ample data and research nearly completed by reputable consultants and Town officials, the decision to purchase will be brought to Town Meeting in September. Here are a few of the most important facts to consider:

Purchase Outline

- Acquire all MWC stock and assets, including water assets and operations of the company
- MWC responsible for all outstanding debt

Cost

- \$63 Million Dollars
- More than a year to negotiate and agree on price
- Would be financed by a 30-year standard revenue bond
- Interest rate – estimated at 3.5 to 4.25 percent
- Thorough analysis and review concluded that the debt can be undertaken, and repaid, without impact on the taxpayers and within the current MWC rate structure
- Without an obligation to federal and state taxes or a return on investment to shareholders, a municipality can operate a water system at lower cost

Rate Implications

- With no rate increase during the first year of Town ownership and only inflationary increases thereafter, the Town could afford to purchase the MWC without adding additional impacts to ratepayers or the Town's financial well-being
- Under Town ownership, research shows the Town could expect normal inflationary increases only – estimated at about 2.5 percent per year
- Historically, MWC's rate increases have significantly exceeded inflation guidelines
- If the Town does not purchase the water utility, it can expect a 20 to 25 percent increase in 2018

Why Should the Town Consider this Now?

- The water company is poised for a sale
- A Town purchase would give ratepayers -- through an elected board -- complete control over rate structure, customer classes and distribution of costs within each class
- If the Town doesn't purchase it, a private utility company likely will; leaving the Town essentially powerless to control costs, rate structure, water quality, etc.